APPENINN VAGYONKEZELŐ HOLDING NYRT.

stand alone

Business Report and Management Report

for the year ending on 31 December 2016

based on the Hungarian Reporting and accounting Standards

Published: 28th April 2017

This report is a language translation of the Hungarian language report reviewed by the independent auditor. For the case of language translation differences the Hungarian language version prevails.

to Appeninn Holding Nyrt.'s stand-alone report concerning 2016 the business report prescribed in Act C of 2000 on accounting and the *management report* prepared on the basis of Appendix 1 to the Decree of the Ministry of Finance, set in a consolidated structure

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1. History of the Company

Appeninn Vagyonkezelő Holding Nyrt. was founded in December 2009, and started its income-generating business operations in 2010; today, the Company is one of the most dynamically growing property investment operators in Hungary.

Appeninn Nyrt. has a holding company function without the Group, and renders the following services within the Group:

- provision of real-estate property maintenance and operating services that are necessary for the lease-out activities of the subsidiaries
- active portfolio management
- centralized management and administration, as well as legal representation
- centralized arrangement of purchasing transactions, finding the most favourable offers
- organization and implementation of property renovation, conversion works, professional supervision
- receivables management
- provision and operation of the central dispatcher/fault reporting line
- organization of the security guarding and reception services of the properties
- advertising properties/offices to let, recruitment of tenants, maintaining contacts with the tenants
- publication of advertisements in the electronic and printed media, presentation of the subsidiaries and their properties at the appeninn.hu website

The Company is one of Hungary's most dynamically growing property investment companies. During its operations, the Company focuses on such market segments where favourably priced assets with high earnings-generating potentials can be acquired and held as medium and long-term investments. This target area includes – among others – category B office buildings, industrial and logistics properties, but the Company would also be willing to take part in investments of a similar portfolio approach in other business areas.

Appeninn Holding has to goal to become a real-estate property holding company that represents traditional, conservative business policy and readily definable asset-based values through the continuous expansion of the Company's real-estate property portfolio.

The Company's subsidiaries and the shares of participation at the end of the period:

- Appeninn-Angel Zrt. (100%)
- Appeninn-Bp1047 Zrt. (100%)
- Appeninn E-Office Zrt. (99,863%)
- Appeninn-Logisztika Zrt. (100%)
- Appeninn-Solaris Zrt. (100%)
- BERTEX Zrt. (100%)
- Curlington Kft. (100%)
- Szent László Téri Szolgáltató Ház Kft. (100%)

Changes in 2016:

- W-GO 2000 Ltd (60%) – On 30. 09. 2016, W-GO 200 Ltd merged into Appeninn E-Office Ltd, and LEHN Consulting Ag. retained a 1/730 part as a minority interest in Appeninn E-Office Ltd.
- In 2016, Appeninn Vagyonkezelő Holding Ltd and Pontott Ltd have been transferred as contributions in kind to Appeninn Plc (date of registration: 09. 06. 2016), and then these companies were sold by the parent company on 28.11.2016.
- On 10. 10. 2016, Appeninn Plc acquired Appeninn Credit Ltd (financial enterprise), the selling of this participation sale is in progress.

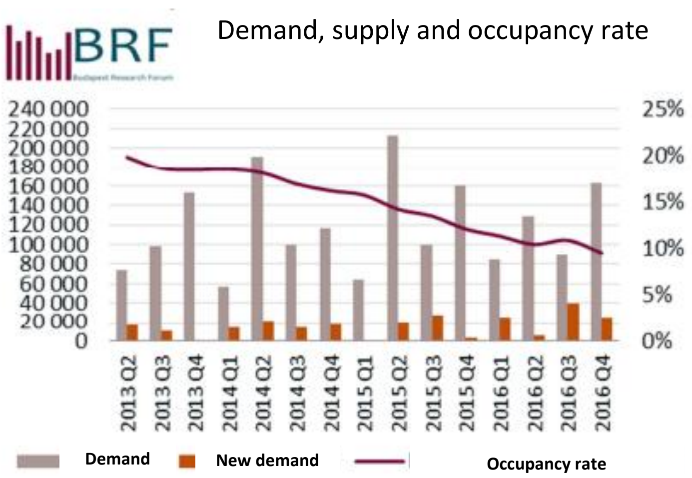
2. Description of the sectorial environment

Office market in Budapest

Budapest Real Estate Research Forum (BIEF, BRF) (members: CBRE, Colliers International, Cushman & Wakefield, Eston International, JLL and Robertson Hungary) published a summary description of the office market for the fourth quarter of 2016. Our Company took this report over as relevant data for the presentation of the sectoral environment.

Office market in Budapest

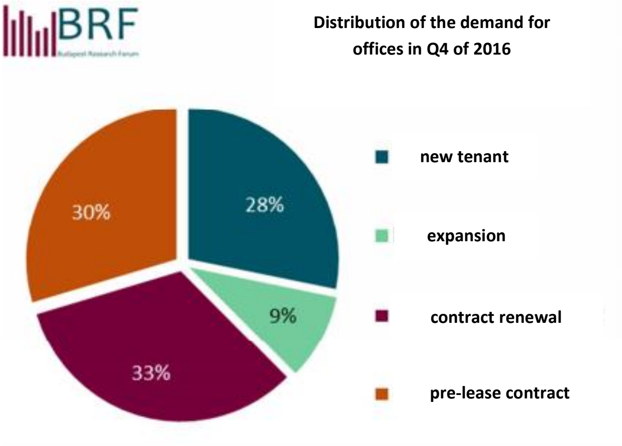
During the fourth quarter of 2016, a new office building was opened, thus increasing the size of Budapest's modern office range to 25,400 sq m. The most recent office phase of the Corvin Promenade was built in line with the specific tenant needs of Nokia Networks, as a 100% 'built-to-suit' development, under the name of Nokia Skypark. Budapest's entire modern office range currently makes up 3,360,090 sq m, of which 2,695,510 sq m belong to the modern, speculative office area of type 'A' and 'B', whereas 664,580 sq m are privately owned offices.



Following a slight increase in the fourth quarter, the office vacancy rate returned to its downward trajectory; during the last quarter of the year it dropped to 9.5% by 1.4 percentage points, which is the lowest rate so far registered in Budapest.

- Similarly to the previous quarters, South Buda continues to be the most saturated submarket, where the vacancy rate is only 3.7%, while the highest vacancy rate (34.3%) can be measured in the agglomeration.

- ***Gross demand in the fourth quarter of 2016*** amounted to 163,610 sq m, i.e. it **almost doubled** compared to the previous quarter. *Within the total demand, contract extensions represented the largest share* (one third of the lease volume), while the share of pre-lease agreements was 30%. New agreements represented 28%, while expansions accounted for 9% of the demand.
- There was no transfer to ownership during the quarter.



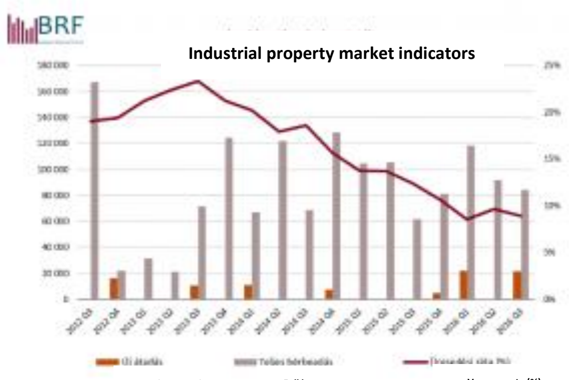
In contrast to the previous quarters, the highest tenant activity was measured on the Pest Center submarket, with one third of the overall volume. 30% of all the leases were realized in the Váci Street office corridor, while 10% of the demand emerged in South Buda. BRF registered a total of 230 lease agreements during the quarter, with an average area of 711 sq m. 31 agreements were concluded for areas above 1000 sq m: 12 contract extensions, 10 agreements concluded with new tenants, 6 pre-lease agreements and 3 expansions.

The largest transaction of the fourth quarter was a pre-lease agreement concluded for the next office phase of the Corvin Quarter, wherein an IT company will occupy nearly 80% of the Corvin Technology & Science Park building. The second largest transaction of the quarter was a contract extension for an area of 13,780 sq m in the Váci Street office corridor, where the largest new lease agreement was also concluded for an area of 3740 sq m. Net absorption roughly tripled compared to the previous quarter, i.e. to 68,790 sq m, which has been the highest figure in the past five years. Absorption was outstanding on the Pest Center (29,810 sq m) and on the Váci Street office corridor (24,825 sq m) submarkets. While we registered significantly lower absorption volumes on the other sub-markets, for the first time since the third quarter of 2015 none of the submarkets ended up in the negative range. Despite the strong demand in the fourth quarter, the year of 2016 brought a 13% drop compared to the previous year's record volume, but it still proved to be just the second most active year since the crisis.

City logistics

(No updated report was made for the fourth quarter of 2016, and therefore we are presenting the report for the third quarter of 2016)

In the third quarter of 2016, a new building, Prologis Park Budapest – Sziget, a 21,510 square meters project was completed and opened in Szigetszentmiklós. Thus, the speculative industrial property range in the Budapest agglomeration currently makes up 1,909,310 square meters.

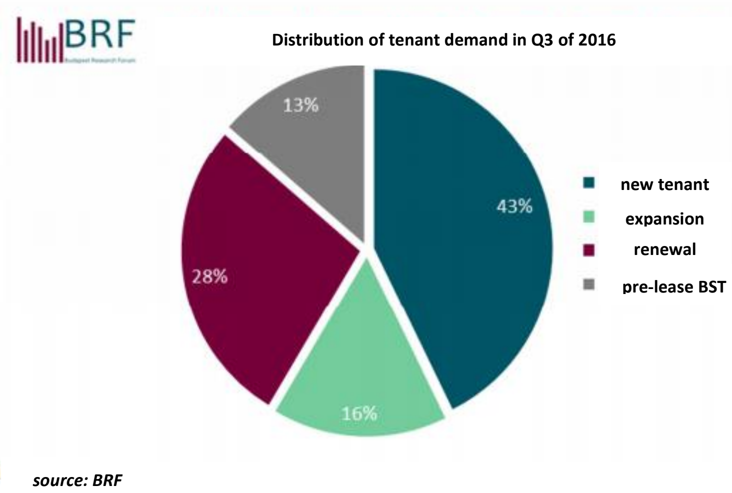


In the third quarter, the total tenant demand totaled up to 84,570 square meters, which was 9% lower than that of the second quarter of 2016, and 37% higher than the one registered in the same period of the previous year.

Much of this demand, i.e. 43% comprised new transactions, the ratio of contract extensions was 28%, while expansions accounted for 16%. Due to the rather short available free warehouse spaces, several major pre-lease agreements were made during the quarter.

Their total volume was 11,560 square meters, representing 13% of the total tenant demand. In the third quarter of 2016, BRF registered altogether 31 transactions, from which one exceeded the 10,000 square meter area.

The average transaction size was 2728 square meters, which was 38% smaller than the corresponding value registered in the last quarter. 95% of the lease agreements were concluded for areas at logistic parks, for 2961 sq m areas on the average. The average size of leases in city logistics was 1155 square meters.



The largest single new contract was concluded in the K-Sped 17 building, for an area of 14,870 square meters. The largest pre-lease agreement was concluded at BILK, for an area of 5960 square meters, while the longest extension was made in the Prologis Park Budapest – Harbor Park Logistic Park for an area of 6080 square meters. The largest extension was realized by a contract for an area of 6850 square meters in the Prologis Park Budapest – Gyál building. The vacancy rate currently stands at 8.9%, which is 0.7 percentage points lower than in the previous quarter. Currently, altogether 169,320 square meters of industrial space stands vacant, and only three buildings have unleased areas over 10,000 square meters. Following some decline in the second quarter, net absorption reached a positive value again, a total area of 13,340 square meters were added to the leased units.

3. Goals and strategy

Property management – office market

In line with its strategy, Appeninn Holding fundamentally focuses on such niche market segments where favorably priced assets promising high earning-generating potentials with professional operation can be acquired and held as medium and long-term investments. Primarily, the Group has office complexes in Budapest, but also acquires logistic, commercial properties nation-wide. Through its acquisitions in recent years, Appeninn has been able to broaden its property portfolio.

In addition to maintaining the utilization rate of the office properties belonging to the Company's portfolio on a favorable level, Appeninn attributes importance to satisfying the existing demands of tenants and keeping operating efficiency in the center of attention. The favorable locations and the applied leasing policy ensuring outstanding price-to-value ratios gives the Group a steady utilization rate over 95%, which goes well beyond the average in Budapest.

The principal expectations in relation to office properties include good location, easy access and beneficial functions – these criteria are eminently considered by the Company in its acquisitions. The Group owns the individual real-estate properties via its subsidiaries, and performs operation-related services (accounting, finance, maintenance) in a centralized manner, via the entities belonging to the holding company. To counterbalance the impacts of the economic environment on the tenants, the Company always aspires to continuously control and reduce operating costs, thereby responding to the tenants' cost reduction demands, and consequently the Company does not come under pressure to reduce rental levels, but there remains some room for increasing the amounts of rents even in the current market atmosphere.

Property management – City Logistics

At the end of 2010, the Company made a definite move towards the warehousing and industrial property market, started to expand its portfolio in subsequent steps at a fast pace, thereby creating a massive second holdfast for the holding company beside the office market. The Company's entry into the new segment was implemented with abidance by the core values formulated in the office market: acquisition and management of properties that could be operated with over-the-average utilization rates and levels of earnings offering value to shareholders. In this market segment, Appeninn successfully focused on populating the portfolio with tenants, and pursued effective portfolio management activities towards the optimization of the portfolio structure.

4. Main resources, risk factors and their changes, uncertainties

Strengths

- The Company flexibly adapts itself to special customer demands
- The Company realizes cost-efficient operation

- Thoroughly considered property portfolio size and consequential volume-efficient management
- Maintenance of a coordinated funding and income structure
- The Company has a proper liquid asset portfolio
- The Company has well-balanced leverage.

Uncertainties

- Uncertainties relating to the accurate forecasting of utilization rates in new acquisitions
- Duration of tenant changeover for continuous lease

Opportunities

1. The underpriced property market in Hungary is an attractive investment target for foreign investors
2. Acquisition of undervalued properties in the niche market segments
3. The demands of small and medium-sized enterprises as tenants mostly surface in category B
4. Long-term cooperation with liquid companies with steady cash flow when the prime of the small and medium-sized enterprises are acquired

5. Risk factors and mitigation

- The creation of the portfolio for the "bad bank" (MARK Zrt.) planned to be founded by the National Bank of Hungary (MNB) has the potential to substantially influence the selling parameters of the properties that are currently available in the market.
- Appeninn Nyrt.'s Treasury function coordinates participation in the financial markets in line with the Company's long-term business interests.
- Investments in the Hungarian office market can influence pricing indirectly and in the long term.
- The risks of non-payment or default payment that are generally experienced in the corporate segment have already been managed by the Company by maintaining continuous customer monitoring. Customer monitoring activities are continuously developed by coordinating information flow among operations, energy management, customer management and finance.
- 90% of Appeninn Nyrt.'s FX-based investment loans are denominated in EUR.
- The Group is exposed to risks arising from the changes in market and financial conditions. These changes may influence results, the values of the assets and liabilities. The purpose of the management of financial risks is that risks should be continuously

mitigated via operating and financing activities. Hereunder, the market risks affecting the Group are described.

Extent of risks

Rent-related risks

The Group establishes consistent, calculable and competitive rents for the tenants. The current amounts of the rents are in line with the environment and quality of the properties.
With respect to the present global environment and the supply that is available in the office market of Budapest, however, it is not certain that the current rents and conditions can be sustained in the future. During the short term in the future, the Company foresees a 5–10% downward trend in rental revenues.

Foreign exchange risks

As in 2013, EUR became the Group's functional currency, foreign exchange risks can arise from HUF- and CHF-denominated credits and liabilities. Appeninn Nyrt.'s FX-based investment loans are typically denominated in EUR following the successful restructuring of the credit portfolio during 2013–2015. With this move, the Company has taken a major step to harmonize its rental revenues with its financing.
Appeninn Nyrt. and the Group headed by the parent company are planning to sustain the well-balanced EUR-based cash flow planning achieved in 2015. With the EUR movements, the Group does not face foreign exchange risks.

Interest rate risks

Interest rate risks represent the risk that the future cash flows of certain assets and liabilities fluctuate as a result of changes in market interest rates. Changes in market interest rates mean exposure for the Group in the case of long-term loans of variable interests and financial leasing liabilities. On the average, the Group pays 3.0% interest on its credits. On its issued interest-bearing bonds, Appeninn Nyrt. pays fixed interests at 7% and 5%.

Liquidity risk

The Group has the objective to maintain equilibrium between the continuity and flexibility of financing when the volumes of financial reserves and credits are shaped.
The management opines that difficulties in liquidity cannot be expected, because revenues safely cover debt services and operating costs. The Company and the consolidated entities under its control fulfill their payment obligations within the respective terms of payment.

Crediting risk

Crediting risk is the exposure wherein a partner fails to fulfill its payment obligation connected with any financial asset or customer agreement, thereby causing financial loss. The Group is exposed to crediting risks in association with its lease-out and financial operations (including bank deposits and financial investments).

In the case of tenant partners: To mitigate crediting risks, the Group requests security deposits or bank guarantees from the tenant as depending on the credit rating performed before the conclusion of the lease contracts, and then continuously monitors receivables from tenants.

In the case of bank deposits and financial investments: crediting risks associated with bank deposits and financial investments, the Group handles in line with its conservative investment policy. To mitigate crediting risks, the Group keeps its financial reserves in cash or bank deposits at reputed financial institutions.

6. Key events after the balance sheet date

Following the balance sheet date and until the publication of this report, the Company did not see events affecting the reporting period.

7. Quantity- and quality-related indicators of performance measurement

Appeninn Holding Nyrt.'s corporate business activities involve the lease-out of own real-estate properties, as well as holding company operations.
Its own real-estate property is situated in Kecskemét, at Kiskőrösi utca 30., and with respect to its function it is an office building. The complementary services rendered include the provision of parking lots, warehousing, a service workshop, commercial store area, industrial sidetrack and 24/7 reception gate services with security guarding. The utilization rate of the building complex lying in an area of more than 6000 sq m approaches 90%, which brings the performance of the property to the upper third third of the segment in view of comparative data.
The property is rented by SPLC Vagyonkezelő Kft. In the area of the property, motor vehicle storage and sales operations are pursued. The property lies in the economic, commercial and service zone, to the southwest of downtown Kecskemét, near Motorway M5 and main road no. 52. In the surroundings of the property, typically mixed residential, industrial and commercial properties can be found.
There are 8 separate buildings in the lot, i.e. halls, warehouses and an office building with an aggregate rentable floor space of 6024 sq m. The property has concrete-paved areas, parts covered with crushed gravel, as well as grass-grown areas. In the area of the lot, there are 3 industrial side-tracks.
Kecskemét is a city of county tank, the seat of Bács-Kiskun County and the center of the Kecskemét District. It is inhabited by 112,000 people, which makes it the eighth largest settlement in the country, or – when its public administration area is concerned – the seventh largest city in Hungary. Approximately 22% of Bács-Kiskun County's population lives in Kecskemét. The city lying in the plain area between River Tisza and Danube owes its existence to the favourable local circumstances. It is easily accessible from all parts of the country, and is 85 km far from Budapest to the southeast along Motorway M5.
Kecskemét can boast of the most recent, large-volume greenfield investment into automobile assembly works. The connected industries are in need of considerable industrial and office areas, as a result of which there is significant demand for the properties that can be found in the district.
The property lies in the economic, commercial and service zone, to the southwest of downtown Kecskemét, near Motorway M5 and main road no. 52. In the surroundings of the property, typically mixed residential, industrial and commercial properties can be found.

The estimated yield-based value of the property is minimally EUR 2.25 million, the changing amount of which is annually presented by the Company in the form of real market valuation.

In 2016, the Company sold the call option for the purchase of the real-estate property in Kecskemét to the current tenant, in consideration of a price of EUR 2.25 million, with the terminal date of 31 October 2019; the option fee was paid up by the beneficiary.

8. Results and outlooks in the period of the annual report

The Company's revenues on rents in 2016 was HUF 80 million. HUF 59 million proceeds were realized on holding company activities. An additional amount of HUF 77 million proceeded from the selling of options, and HUF 47 million was the income from re-invoiced guarantee fee expenses.

For the performance of these services, the Company purchased services and materials in an aggregate amount of HUF 101 million, from which the company purchased and sold 47 million services without changes (transferred services). The Company had 1 employees, and had to cover personnel expenditures in an amount of HUF 7 million. The amount of depreciation at the Company was HUF 5 million.

Other incomes amounted to HUF 1 million. Other expenditures were incurred in a total amount of HUF 34 million, wherein HUF 25 million losses were post warranty cost for 2014-2015 company sales activities.

Profit from ordinary activities for the year 2016 was 119 million HUF.

The Company accounted for HUF 173 million under the heading of financial incomes, of which HUF 75 million was in interests received from associated companies, whereas the profit realized on the selling of Pontott Ltd and Appeninn Investment Ltd was HUF 29 million.

The Company recognized HUF 44 million interest expenses in 2016 in relation to its own bonds, of which HUF 18 million represented interests charged on repurchased bonds, which was stated by the Company as interests received. If these bonds are not resold, then these interests will not be settled financially.

In the business year of 2016, the Company realized profit before taxes in the amount of HUF 264 million, for which the recognition of HUF 11 million in taxes was justified.

In the business year of 2016, the Company realized profit after taxes in an amount of HUF 253 million. The accumulated profit reserve that is available for dividend payment is HUF 462 million.

9. Information on the capital and shares associated with the public listing of securities

Description of changes in equity capital, 2016

in Ths HUF

Jogcímek	I. SUBSCRIBED CAPITAL	III. CAPITAL RESERVES	IV. RETAINED EARNINGS FROM PREVIOUS YEARS	V. RESTRICTED RESERVES	VI. REVALUATION RESERVE	VII. PROFIT FOR THE PERIOD	D. Equity
Balance as of 31 December 2015	3 650 000	2 526 207	(439 896)	610 699	99 433	356 947	6 803 390
Capital reserve by capital increase (20th May 2016)	330 000	363 466	-	-	-	-	693 466
Profit from last year	-	-	356 947	-	-	(356 947)	-
Disposal of treasury shares			(65 368)	65 368			-
Purchase of treasury shares	-	-	610 699	(610 699)	-	-	-
Gain on investment property items	-	-			(78 325)	-	(78 325)
Profit for the period	-	-	-	-	-	253 207	253 207
Balance as of 31 December 2016	3 980 000	2 889 673	462 382	65 368	21 108	253 207	7 671 738

Details of committed reserves, 2016

The Company set aside committed reserves for the value of treasury shares. The change in the committed reserves by the sale of treasury shares 610 million HUF, purchase of treasury shares increased by 65 million HUF.

Changes in repurchased treasury shares, 2016

Treasury Shares - Appeninn Plc. , Average purchase pricing methodology in HUF

Date (YYYY MM DD)		Date (YYYY MM DD)	Ps. Increase	Ps. Decrease	Ps. Balance in HUF	Average price in HUF	HUF Increase	HUF Decrease	HUF Balance in HUF	Transaction price
2016.01.01		**2016.01.01**			**2 814 280**	**217**			**610 698 761**	
2016.03.10		2016.03.10		2 597	2 811 683	217	-	563 549	610 135 211	
2016.05.27		2016.05.27		115 768	2 695 915	217	-	25 121 656	585 013 555	
2016.06.09		2016.06.09	295 295		2 991 210	216	62 235 636	-	647 249 191	210,76
2016.07.11		2016.07.11		17 000	2 974 210	216	-	3 678 523	643 570 668	
2016.08.08		2016.08.08		607 143	2 367 067	216	-	131 375 870	512 194 798	
2016.08.26		2016.08.26		800 000	1 567 067	216	-	173 106 988	339 087 810	
2016.09.21		2016.09.21		90 477	1 476 590	216	-	19 577 751	319 510 059	
2016.10.11		2016.10.11	17 000		1 493 590	216	3 678 523	-	323 188 582	216,38
2016.10.20		2016.10.20		654 545	839 045	216	-	141 632 892	181 555 691	
2016.11.25		2016.11.25	559 322		1 398 367	224	131 999 992	-	313 555 683	236,00
2016.11.25		2016.11.25	116 525		1 514 892	225	27 499 900	-	341 055 583	236,00
2016.11.28		2016.11.28		1 299	1 513 593	225	-	292 451	340 763 132	
2016.11.28		2016.11.28	559 322		2 072 915	228	131 999 992	-	472 763 124	236,00
2016.11.28		2016.11.28	116 525		2 189 440	228	27 499 900	-	500 263 024	236,00
2016.12.01		2016.12.01	154 548		2 343 988	229	36 473 328	-	536 736 352	236,00
2016.12.01		2016.12.01		4 400	2 339 588	229	-	1 007 531	535 728 821	
2016.12.01		2016.12.01		104 118	2 235 470	229	-	23 841 383	511 887 438	
2016.12.01		**2016.12.01**		**1 950 000**	**285 470**	**229**	-	**446 519 302**	**65 368 136**	
		Total Change:	**1 818 537**	**4 347 347**	**- 2 528 810**		**421 387 271**	**966 717 896**		
		Closing :			285 470	**Closing :**			**65 368**	

Issued shares and shareholding rights

Issued and kept in circulation, Appeninn shares can be freely traded, as there are no rights granted in the Charter towards the restriction of such circulation.

Appeinn Plc. Details of shares

Nominal value	100
Issue currency	HUF
ISIN	HU0000102132
Captital market	Budapest Stock Exchange
First trading date	2. July 2010
Shareholders registering	Appeninn Plc. Board of Directors 1022 Budapest Bég utca 3-5.
Traded shares	39 800 000

Capital increase in 2016

	31st Dec. 2015.	31st Dec. 2016.
Issued treasury shaeres (each by 100 HUF) Piece:		
Opening:	36 500 000	36 500 000
Issued 20th May 2016	-	3 300 000
Closing:	36 500 000	39 800 000

	31st Dec. 2015.	31st Dec. 2016.
		in Ths HUF
Opening:		3 650 000
Issued 20th May 2016		330 000
Closing:		3 980 000

List and description of owners and Board of Directors

	31st Dec. 2016		31st Dec. 2015	
	Shares Piece	Owhership (%)	Shares Piece	Owhership (%)
Stakes larger than 5%	**19 780 151**	**49,70%**	**22 976 011**	**62,95%**
Lehn Consulting AG.	9 347 004	23,48%	12 176 011	33,36%
E-Milorg Kft.	7 040 000	17,69%	10 800 000	29,59%
Wallis Portfólió Kft.	3 393 147	8,53%	-	-
Treasury shares	**313 022**	**0,79%**	**2 814 280**	**7,71%**
Appeninn Vagyonkezelő Holding Nyrt.	285 470	0,72%	2 814 280	7,71%
Felhévíz Appen Kft.	27 552	0,07%	-	-
Board of Directors and their ownership in Appeninn Plc.	**9 553 104**	**24,00%**	-	-
György Ádámosi Jr.	9 347 004	23,48%	-	-
Lőrinzcz Éder	-	-	-	-
Attila Gábor Kovács	100 000	0,25%	-	-
Balázs Szabó	-	-	-	-
Gábor Székely	16 100	0,04%	-	-
Zoltán Prutkay	90 000	0,23%	-	-
Owners others	**10 153 723**	25,51%	**10 709 709**	29,34%
Total	**39 800 000**	**100,00%**	**36 500 000**	**100,00%**

Employee benefit plan, share option program

The Company does not have active program

10. Articles of Association

Appeninn Holding Nyrt. approved the Charter the last time on 20. 05. 2016. At its usual places of public disclosure, the Company published its Charter. Procedures, rights set out in the Company's Articles of Association are executed and exercised by disclosing its Articles of Association. The election of the senior officers and the associated process took place as required in the Articles of Association. The Company complied with the regulations relating to the issuance and withdrawal of shares, as specified in the Articles of Association.

11. Other declarations

The Management has no information about any kind of ownership restrictions or ownership trading restrictions. The management has published all information (as prescribed by the Hungarian accounting standards in paragraph 95/B) relevant or possible influencing the Company's activities outside the normal range of activities. The Management has no information about any kind of loss compensation agreement with management members or employees.

12. Corporate management system

The Company operates a Board of Directors. The scope of the competences of the Board of Directors is regulated in Section VII of the Charter. Together with its annual report, the Company discloses the document package describing its responsible corporate management system. The Company undertakes not to deviate from the statutory corporate management system or use further enterprise resource planning systems that would not meet the relevant legal requirements.

13. Places of public disclosure

The Company publishes its disclosures and reports at the

- www.appeninnholding.com,
- www.közzételek.hu,
- www.bet.hu websites, and
- uploads them to the http://e-beszamolo.im.gov.hu/ site.

14. Framework for the continuation of the enterprise

Appeninn Nyrt.'s Treasury function coordinates participation in the financial markets in line with its long-term business interests. Appeninn Nyrt. analyzes the financial risks arising during its operations for the individual businesses separately. The examined risks include market risks (foreign exchange risks, real-value interest risk and pricing risks), as well as crediting risks, payment risks and cash flow interest risks. Appeninn Nyrt. aspires to minimize the impacts of these risks. Appeninn Nyrt. does not enter into financial schemes for speculative purposes.

15. Research and experimental development

The Company is not involved in research and development activities.

16. Environmental protection

During its operations, the Company does not perform activities that are hazardous or detrimental to the environment. Dangerous substances are not used for operations, either.

17. Senior officers, strategic employees

Name / signature right (date of staring position YYYY MM DD)

ifj. Ádámosi György – individual (2014.08.05)
Székely Gábor – jointly (2013.04.13)
Éder Lőrinc – jointly (2013.04.12)
Szabó Balázs – jointly (2013.04.12)
Prutkay Zoltán - jointly (2015.05.18)
Kovács Attila Gábor - jointly (2016.04.15l)

18. Changes in the headcount of full-time employees

	Beginning of the	End of the year under
At company level	1	0

19. Declaration of liability

Declarations prescribed in Appendix 1 to Decree 24/2008 (Aug 15) of the Ministry of Finance relating to Appeninn Nyrt.'s (H–1022 Budapest, Bég utca 3-5.) individual annual statements and reports for 2016, compiled pursuant to the Hungarian Accounting Act and the consolidated annual report for 2016 complying with the relevant Hungarian accounting requirements

We, the undersigned hereby further represent that the stand alone 2016 report of Appeninn Nyrt. (issuer) has been prepared on the basis of the applicable accounting requirements (Hungarian Accounting Standards)), and to the best of our knowledge the stand alone annual report offers a realistic and reliable view on the assets of the issuer, their obligations, financial standing, as well as profits and losses, whereas the management report for 2016 draws up a reliable picture in relation to the current situation, development and performance of the issuer and the entities involved in the reporting, describes the key risks and factors of uncertainties.

Appeninn Plc belongs to the scope of Article 4 of Regulation (EC) No 1606/2002 on the application of international accounting standards, and thus is required to compile its consolidated annual report in line with the international accounting standards announced in the form of a regulation in the Official Journal of the European Union.

Budapest, 07. 04.2017

Appeninn Holding Nyrt.

Gábor Székely Zoltán Prutkay

jointly as the members of the Board of Directors